

u202 2635-

u202 2635-

Keep

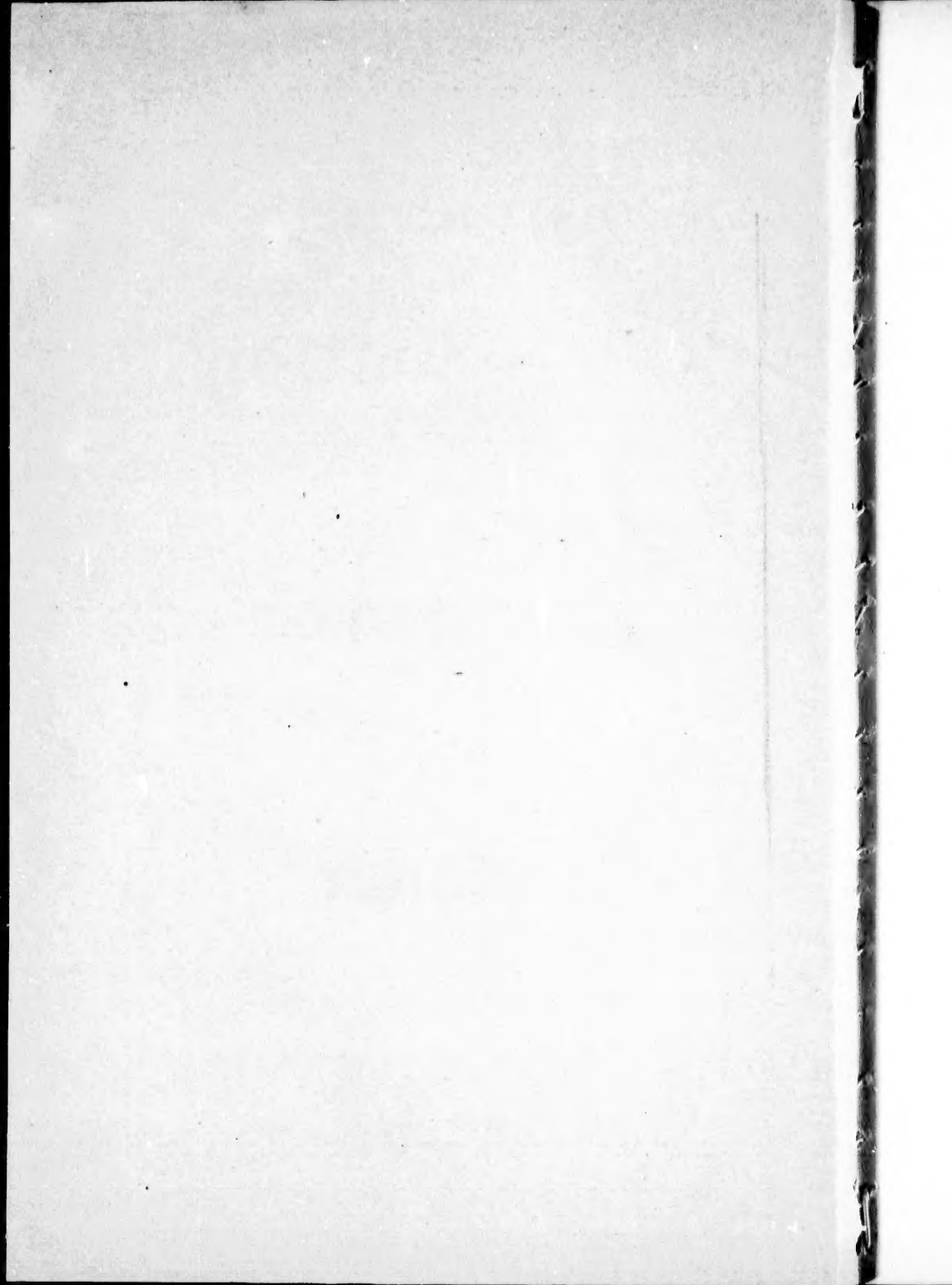
2

**Imperial**  
**Consolidation**  
**IN**  
**Commerce**  
**AND**  
**Defence**

BY THOS. MacFARLANE, F. R. S. C.

OTTAWA  
JAMES HOPE & CO.

1897



Imperial ✓  
Consolidation  
IN  
Commerce  
AND  
Defence

BY THOS. MACFARLANE, F. R. S. C.

---

OTTAWA  
JAMES HOPE & CO.

1897

## CONTENTS.

CHAPTER I.		
Introduction	- - - - -	3
CHAPTER II.		
Imperial Reciprocity	- - - - -	4
CHAPTER III.		
An Imperial Customs Union	- - - - -	8
CHAPTER IV.		
Imperial Expenditures	- - - - -	10
CHAPTER V.		
An Imperial Tariff	- - - - -	12
CHAPTER VI.		
The Principle of Protection	- - - - -	14
CHAPTER VII.		
Imperial Interests	- - - - -	15
CHAPTER VIII.		
Colonial Action	- - - - -	19
CHAPTER IX.		
Imperial Legislation	- - - - -	22

It is  
"Imper  
and tha  
speech  
stitute  
Conserv  
readers  
cance o  
speech  
"Gent  
great o  
is to m  
try, the  
England  
country  
years a  
no effor  
ed by s  
so muc  
tempts  
gration  
gentlem  
which  
Statesm  
of the  
organiz  
employe  
proved  
by our  
precise,  
that th  
of Engl  
session  
suggeste  
pate o  
that res  
these s  
country  
'ng self  
fess tha  
broken.  
governm  
distant  
minister  
governm  
•Beac

## CHAPTER I.

### INTRODUCTION.

It is now about 25 years since the term "Imperial Consolidation" was first used, and that by Lord Beaconsfield in one of his speeches, the object of which was to institute a comparison between Liberal and Conservative principles. In order that our readers may be able to judge of the significance of the words, we quote from the speech in question the following extract:\*

"Gentlemen, there is another and second great object of the Tory party. If the first is to maintain the institutions of the country, the second is to uphold the Empire of England. If you look to the history of this country since the advent of Liberalism—40 years ago—you will find that there has been no effort so continuous, so subtle, supported by so much energy, and carried on with so much ability and acumen, as the attempts of Liberalism to effect the disintegration of the Empire of England, and, gentlemen, of all its efforts, this is the one which has been the nearest to success. Statesmen of the highest character, writers of the most distinguished ability, the most organized and efficient means have been employed in this endeavor. It has been proved to all of us that we have lost money by our colonies. It has been shown with precise, with mathematical demonstration, that there never was a jewel in the crown of England that was so costly as the possession of India. How often has it been suggested that we should at once emancipate ourselves from this incubus. Well, that result was nearly accomplished. When these subtle views were adopted by the country under the plausible plea of granting self-government to the colonies, I confess that I myself thought the tie was broken. Not that I for one object to self-government. I cannot conceive how our distant colonies can have their affairs administered except by self-government. Self-government, in my opinion, when it was

\*Beaconsfield's speeches, vol. II., p. 530.

conceded ought to have been conceded as part of a great policy of Imperial Consolidation. It ought to have been accompanied by an Imperial Tariff, by securities for the people of England for the enjoyment of the unappropriated lands which belonged to the Sovereign as their trustee, and by a military code which should have defined precisely the means and the responsibilities by which the colonies should be defended, and by which, if necessary, this country should call for aid from the colonies themselves. It ought further to have been accompanied by the institution of some representative council in the metropolis, which would have brought the colonies into constant and continuous relations with the home government. All this, however, was omitted, because those who advised that policy—and I believe their convictions were sincere—looked upon the colonies of England, looked even upon our connection with India as a burden upon this country, viewing everything in a financial aspect, and totally passing by those moral and political considerations which make nations great and by the influence of which alone men are distinguished from animals. Well, what has been the result of this attempt during the reign of Liberalism for the disintegration of the Empire? It has entirely failed. But how has it failed? Through the sympathy of the colonies with the Mother Country. They have decided that the Empire shall not be destroyed, and, in my opinion, no minister in this country will do his duty who neglects any opportunity of reconstructing as much as possible our Colonial Empire, and of responding to those distant sympathies which may become the source of incalculable strength and happiness to the land."

In these remarkable sentences Lord Beaconsfield has stated, among other things well worthy of our attention, the matters which ought to have been arranged at the

time when self-government was conferred upon the colonies by Great Britain, all of which constitutes the work of Imperial Consolidation, or Federation, and still remains to be planned and executed. As in Lord Beaconsfield's time provision has still to be made for an Imperial tariff, for a proper system of state-aided emigration to settle our Crown Lands, for the defence of the Empire and for Imperial representation. But to repair the errors and omissions of 50 years ago is a difficult task, and one which is only now beginning to be seriously contemplated by English statesmen. It is only now that they are beginning to respond to the "distant sympathies" mentioned by Lord Beaconsfield, although these have been distinctly enough expressed by the colonies during the last 15 years, and more especially in 1894.

The omissions which were enumerated by Lord Beaconsfield were many and serious, and it is perhaps too early yet to attempt to indicate how they should be attended to in some general scheme of Imperial Federation. But two of them have already attracted the attention of the Right Hon. Joseph Chamberlain, M. P., Secretary of State for the Colonies, who thus expressed himself in March, 1896:

"We may endeavor to establish common interests and common obligations. When

we have done that it will be natural that some sort of representative authority should grow up to deal with the interests and the obligations we have created. What is the greatest of our common obligations? It is Imperial defence. What is the greatest of our common interest? It is Imperial trade. [Hear, hear.] And those two are very closely connected. It is very difficult to see how you can pretend to deal with the great question of Imperial defence without having first dealt with the question of Imperial trade. Imperial defence is largely a matter of ways and means and dependent upon the fiscal and other commercial arrangements you may make; and, therefore, the conclusion to which I arrive is this—that if the people of this country and the people of the colonies mean what they have been saying, and if they intend to approach this question of Imperial unity in a practical spirit, they must approach it on its commercial side."

Nothing can be more appropriate and practical than these remarks, and the present writer proposes in this essay to consider the subjects which Mr. Chamberlain points out as those which, before all others, deserve consideration by the people of Great and Greater Britain, and to elaborate in some detail a scheme for effecting some degree of Imperial consolidation in matters of Imperial commerce and defence.

## CHAPTER II.

### IMPERIAL RECIPROCITY.

The British nation, or rather the British Empire, or (as it might be called in imitation of the old "Holy Roman Empire of German Nations") the United Empire of British Nations, is the only modern political community in the whole world, owing allegiance to the same sovereign and enjoying the protection of the same fleet, which is destitute of the cement of a common material interest in its commercial relations. It resembles the stones in what is to be a mass of concrete before the cementing material is introduced, or has had time to harden in its interstices. The United Kingdom, which is the largest stone in the mass, and is in possession of the hegemony of the British Empire, is equally as closely related commercially with foreign countries, as she is with her own daughter nations, and had, indeed, pledged herself to the former never to accept com-

mercial advantages in the markets of the latter which were not enjoyed as well by the aforesaid alien nations. It is not the object of this essay to enquire how all this came about. It is assumed to have been an unnatural state of things, and it is now, happily, one which is to go out of existence next year. What is now to be considered is the best method of cementing together the loose fragments above referred to, and so reflecting the commercial consolidation of the British Empire.

Such consolidation has, within the last ten years, not infrequently been spoken and written of as "Imperial Reciprocity," or as "British Commercial Union," the object being to improve the trade betwixt the various divisions of the Empire. Such a union means, of course, a combination of the various members of the British Empire by certain arrangement for mutual aid

natural that  
 authority should  
 rests and the  
 What is the  
 tions? It is  
 e greatest of  
 erial trade.  
 ro are very  
 y difficult to  
 deal with the  
 ence without  
 estion of Im-  
 is largely a  
 nd dependent  
 mmercial ar-  
 and, therefore,  
 ive is this—  
 ntry and the  
 at they have  
 to approach  
 in a practi-  
 sh it on its

opriate and  
 and the pre-  
 ssay to con-  
 Chamberlain  
 re all others,  
 e people of  
 d to elabo-  
 for effecting  
 solidation in  
 and defence.

rkets of the  
 as well by  
 t is not the  
 how all this  
 o have been  
 ut it is now,  
 ut of exist-  
 to be con-  
 f cementing  
 above refer-  
 mmercial  
 pire.

In the last  
 een spoken  
 reciprocity,"  
 Union," the  
 ade betwixt  
 pire. Such a  
 bination of  
 British Em-  
 mutual aid

and intercourse which do not extend to foreign nations. It necessarily involves mutual participation in certain advantages from which other countries are excluded. The commonest form of such a commercial union is that presented by the United States, by the various kingdoms and principalities constituting the German Empire, and by the different provinces which form the Dominion of Canada. Such union provides for perfect freedom of trade between the states or provinces so bound together, with more or less restriction of intercourse as regards commerce with other countries. This restriction usually assumes the form of duties upon imports, the proceeds of which are, in many cases, required for purposes of revenue. No other plan of commercial federation has had any successful existence in the world's experience, and, therefore, when a British Commercial Union is mooted it is at once taken to mean, on the one hand, free trade betwixt the various parts of the Empire, and, on the other hand, a tariff of some description, discriminating against foreign nations.

But perhaps this definition of a commercial union may not be satisfactory to those political economists who advocate the greatest possible freedom of trade, not only between the integral parts of the same federation, but between such aggregated communities and other nations throughout the world. Possibly their idea of a commercial union is unrestricted commerce, not only between its members, but with all the world besides. It so, it is one of these unrealisable combinations that have had no existence in the past, and do not seem possible in the future. Let us suppose, for instance, the various obstacles in the shape of tariffs that are said to obstruct trade between the British possessions at the present time to be entirely removed, or to be all remodelled after the English fashion, without the institution of any Imperial tariff leviable on foreign importations; would it be possible to look upon the result of such an arrangement as a "union," in any commercial sense? Certainly not; at any rate, it could not be regarded as an improvement on the union we at present enjoy. It seems that no matter how the present British tariffs may be modified or improved, such changes would not bring British possessions into closer union if the question of a common customs tariff, to be imposed by all of them

as against foreign countries, were kept out of consideration.

Since, therefore, a British commercial union involves the imposition of duties on imports, it is necessary to return to the consideration of the question as to how the simplest form of it, indicated above, would answer for the whole British Empire. What would be the consequence if absolute internal free trade were adopted in conjunction with an Imperial tariff? What would be the consequence if the amount of revenue at present derived from customs duties throughout the Empire were obtained, not by taxing British products, but by duties on foreign importations? It is in solving such problems as these that recourse must be had to Sir R. W. Rawson's "Synopsis," in which the necessary figures were given for the year 1885, since which time no other computation has been made. According to the statistics of this work, it appears that the sum of £37,189,274 was raised in the year 1885, in the various parts of the Empire, by duties on imports and exports. In the same year the value of the imports from foreign countries into the Empire was as follows:

Into Great Britain and Ireland.	£286,566,000
Into India, Ceylon, Straits Settlements, Labuan and Mauritius ..	24,337,000
Into Canada and Newfoundland	12,736,000
Into Australasia ..	6,751,000
Into West Indies, Honduras and British Guiana ..	3,206,000
Into Africa ..	1,061,000
Into Gibraltar, Malta, Bermuda and the Falkland Islands ..	154,000
Total ..	£334,811,000

A simple calculation shows that it would be necessary to impose a duty of 11.1 per cent. on this amount to obtain the revenue above mentioned. A'l agree that revenue must be raised in the various possessions; opinions may vary as to the manner of obtaining it. If it were proposed to raise that part of it now derived from customs duties by a duty of 11.1 per cent. ad valorem on foreign imports, it would become necessary to ask, how much would, in this case, be collected in the various divisions of the Empire. The following statement gives the answers and compares the amounts, with the sums actually raised at present from customs duties:



	Proceeds of An ad valo rem duty of 11.1 p.c. on foreign impts.	Amount of Customs duties now raised.
In Great Britain and Ireland .....	£31,808,826	£10,827,000
In India, Ceylon, Straits Settlements, Labuan and Mauritius .....	2,701,407	3,427,391
In Canada and New- foundland .....	1,413,696	4,130,773
In Australasia .....	749,361	7,222,054
In West Indies, Hon- duras and British Guiana .....	355,866	949,115
In Africa .....	117,771	1,475,230
In Gibraltar, Malta, Bermuda and the Falkland Islands ..	17,094	157,711
	£37,164,021	£37,189,274

A glance at this statement shows that a change from the present system of levying customs duties to one of internal free trade, with an outward Imperial tariff of 11.1 per cent., would occasion an increase in the amount raised in Great Britain of 37 per cent., but that, in the case of the colonies and dependencies, the following immense losses of revenue from customs would be sustained:

	Per Cent.
In India, etc. ....	21
In Canada, etc. ....	65
In Australasia .....	80
In West Indies, etc. ....	62
In Africa .....	92
In Gibraltar, etc. ....	80

To make up these losses by a resort to direct taxation would be a course utterly impossible for any colonial statesman, and, in Canada, it would be one of doubtful legality. It might be claimed that Great Britain would make up the deficiencies out of her increased revenue from customs, but this course would no doubt be deemed as impracticable as any other.

From the foregoing it seems plain that inter-British free trade would utterly derange the finances of all the possessions. Indeed, it might be argued that demanding it would be an interference "with the existing rights of local parliaments, as regards local affairs." It follows that the management of the various British tariffs, however chaotic and void of principle they may appear, must be left to the authorities at present in charge of them, and any suggestion for modifying them must be made with the greatest care, and with due consideration for the financial necessities of each separate possession. In the proceedings of the first Colonial Conference this was fully recognized and at the same time

the policy of discrimination in favor of British commerce was discussed. On the latter point, Mr. Service (from Victoria) expressed himself as follows:

"I must say that whilst the question of a common tariff throughout the whole Empire has been mooted again and again, it has always seemed to me impossible, probably because I did not think it out. I knew it was impossible for the Australian colonies, for example, or Canada, to accept the principle of commercial intercourse which exists in England. But I must confess that a remark that fell from Sir Samuel Griffiths awakened a new set of ideas in my mind; and that was, 'that it was not necessary that all the component parts of the Empire should have the same tariff in order to carry out this idea—that is to say, 'that if you placed a differential duty as between the Imperial products and the foreign products, it would not matter what the precise local tariff happened to be.' I never looked at the matter in that light before, but I have thought about it a good deal since, and I must say it appears to me at present that there is a good deal in that point." Sir Samuel Griffiths, from Queensland, in his letter of March 28, 1887, to the Secretary of State for the Colonies, wrote on the same subject as follows:

"I hope that an opportunity may arise during the conference of discussing the practicability of consolidating and maintaining the unity of the Empire by adding to the existing bonds a definite recognition of the principle that Her Majesty's subjects, as such, have a community of material interests as distinguished from the rest of the world; and of considering how far effect may be given to this principle by the several countries forming part of Her Majesty's dominions affording to each other commercial concessions and advantages greater than those which are granted to subjects of other states. Without for a moment suggesting any interference with the freedom of each legislature to deal with the tariff of the country under its jurisdiction, I conceive that such freedom is not incompatible with a general recognition of the principle, that when any article is subjected to a duty on importation a higher duty should be imposed on goods coming from foreign countries than on those imported from Her Majesty's dominions."

The same policy was endorsed by the general committee of the Imperial Federation League in Canada, at a meeting held at

Ottawa  
tende  
then  
for e  
trade  
objec  
opini  
of th  
favor  
natio  
at th  
in Ca  
1888.  
gue  
of th  
police  
nies,  
in th  
ed p  
anoth  
that  
called  
of th  
mom  
Thi  
by th  
ago  
as pr  
of th  
own  
gatio  
In  
Leag  
to es  
relati  
Her  
porta  
clatic  
subje  
the s  
28, 18  
ing r  
"T  
Grea  
prod  
dom  
cords  
the l  
to a  
subst  
poses  
A s

in favor of  
ed. On the  
om Victoria)

question of  
the whole Em-  
and again,  
e impossible,  
think it out. I  
ne Australian  
Canada, to ac-  
tual intercourse  
I must com-  
Sir Sam-  
set of ideas  
at it was not  
ment parts of  
ame tariff in  
that is to say,  
ntial duty as  
ts and the  
matter what  
ed to be.' I  
in that light  
out it a good  
appears to me  
deal in that  
from Queens-  
28, 1887, to  
the Colonies,  
s follows:

y may arise  
discussing the  
g and main-  
ire by adding  
re recognition  
Majesty's sub-  
community  
distinguished  
world; and  
effect may  
by the sev-  
of Her Ma-  
each other  
advantages  
e granted to  
hout for a  
ference with  
e to deal with  
der its juris-  
freedom is  
al recognition  
any article is  
portation a  
sed on goods  
than on those  
dominions."  
rsed by the  
perial Federa-  
meeting held at

Ottawa on June 20, 1887, and largely attended by members of Parliament. It was then resolved: "That this meeting suggests for consideration Imperial reciprocity as the trade policy most in accordance with the objects of the league and reiterates the opinion that trade between different parts of the Empire should take place upon more favorable terms than trade with foreign nations." This resolution was reiterated at the annual general meeting of the league in Canada, held in Toronto on March 24, 1888. "That the Imperial Federation League in Canada make it one of the objects of their organization to advocate a trade policy between Great Britain and her colonies, by means of which a discrimination in the exchange of natural and manufactured products will be made in favor of one another, and against foreign nations; and that our friends in Parliament are hereby called upon to move in support of the policy of this resolution at the earliest possible moment."

This principle has also been formulated by the Privy Council of Canada, which long ago declared "that trade should be as free as practicable between the various portions of the Empire, having regard solely to their own interests, and undeterred by any obligations to treat others with equal favor."

In April, 1891, the United Empire Trade League was formed, whose chief object is to establish "mutually advantageous trade relations among all who share allegiance to Her Majesty the Queen." Much more important than the proceedings of such associations are the conclusions reached on this subject by the Parliament of Canada and the second Colonial Conference. On April 28, 1892, the former body passed the following resolution:

"That if and when the Parliament of Great Britain and Ireland admits Canadian products to the markets of the United Kingdom upon more favorable terms than it accords to the products of foreign countries, the Parliament of Canada will be prepared to accord corresponding advantages by a substantial reduction in the duties it imposes upon British manufactured goods."

A similar resolution is to be found among

those adopted by the Ottawa conference. It reads as follows: "Resolved,—That this conference record its belief in the advisability of a customs arrangement between Great Britain and her colonies, by which trade within the Empire may be placed on a more favorable footing than that which is carried on with foreign countries." These resolutions prove that the movement in favor of British commercial union has developed considerable strength, although no attempt has yet been made to formulate the details of the measure for bringing it into existence.

So far as the present writer is concerned, he would rejoice if satisfactory modifications could be made in the existing tariffs throughout the Empire for the encouragement of inter-British trade. But the practicability of such arrangements is doubtful, and they are not likely ever to be consummated, for the following reasons:

1. The interests concerned are too varied, involved and conflicting to admit of satisfactory compromise in the framing of such reciprocal tariffs.

2. Such attempts would be regarded by very many as preliminary to the establishment of a system of artificial encouragement to particular manufactures; in short, as a return to protection.

3. Even if successful, this system of Imperial reciprocity, as it has been called, would only influence local industries and benefit English or colonial finances, but would not provide any revenue for Imperial purposes, without which a strong, united Empire is impossible.

4. Such a proposal, whether made by the Mother Country or a colony, might reasonably be characterized as more or less selfish in nature, and intended chiefly for the material benefit of its originator.

The problem of establishing a British commercial union assumes, however, a totally different aspect, when the idea of interfering with existing tariffs, or so modifying them as to give them a reciprocal character is abandoned, and the plan of obtaining a revenue for the common purposes of the Empire, by means of an Imperial tariff, is taken into consideration.



## CHAPTER III.

### AN IMPERIAL CUSTOMS UNION

A few years ago a prize was offered by the proprietors of *The Statist* newspaper "For the Best Scheme of an Imperial Customs Union," and the prize essays were subsequently published. The writer was among the unsuccessful competitors, and his scheme was not made public, but its principles are those set forth in the present essay.

These three words, "Imperial Customs Union," suggest that the union referred to is one of all the countries, colonies and dependencies composing the British Empire, that, in all these customs duties should be levied for the purpose of raising revenue, and that this revenue should be applied to defray outlays for Imperial purposes. This definition may be fairly drawn from the name which has been given to the commercial combination which it is desired to form, and the present writer is inclined to adopt it as indicating the objects of the scheme which he has to propose.

In devising such a customs union of all British countries, it would probably be considered inadmissible to raise any of the revenue above referred to by levying additional duties on inter-British or inter-colonial trade. To do this would be to increase the obstacles which already stand in the way of commercial union. What is really to be desired is the introduction of freer trade within the Empire, combined with a uniform plan of obtaining revenue for general Imperial expenditures by imposing the customs duties above spoken of on foreign importations only.

The present writer does not consider himself at liberty to suppose that the phrase "An Imperial Customs Union" may be understood to mean a combination of British countries for operating such a tariff as would, in the first place, benefit the internal industries and trade of the different parts of the Empire, and he proposes in this essay to present a mode of forming such a union "without its involving any sanction to the principle of protection," although, judging from what he has written on the subject, the Right Hon. W. E.

Gladstone is not of opinion that such a plan can be brought forward.

It is quite possible, however, that the definition of "An Imperial Customs Union" given above may not find general acceptance. Many persons may not find it to be sufficiently comprehensive. It may be said that an Imperial customs union should not only be one for obtaining revenue for Imperial purposes by the imposition of customs duties, but that it should also include the construction of one tariff of customs and one tariff only for the whole British Empire. A union of this nature would be similar to that now existing between France and her colonies, or Spain and hers, or, as has already been indicated, it might be analogous to that of the United States of America. Neither of these cases is, however, even remotely parallel to that of the British Empire, whose different divisions are too distant from each other not only geographically, but politically, besides differing too much as regards the nature of their respective fiscal systems. The suggested system of one sole tariff might also resemble the *zollverein* of the German Empire. The institution of such a union as that last mentioned would mean that the rates of duties should be the same throughout the whole Empire, that these rates should be sufficiently high to include the duties at present levied for local purposes in almost every British country, that they should be imposed and collected by one authority, and, by that authority, in part redistributed to the various local governments of the Empire. Such a union with a single tariff might also be understood by some to mean the total abolition of all customs duties for local revenue, and the substitution for these of direct taxation in order to raise the revenue in question. It may at once be confessed that the present writer is unable to put forward any scheme possessing the character indicated. On the contrary he believes that a brief review of the circumstances of some of the countries of the Empire will prove that such a plan of a customs union is a complete impossibility.

Among the first circumstances of importance that are to be noted in connection with this matter are the facts that the right of regulating their local tariffs has already been conceded to the self-governing, and even some of the Crown colonies, and that in the British Empire there is no such legislative body, in which all British countries have representation, as corresponds to the American Congress or the German Reichstag. These two facts render the institution of any such system as that of the United States or the German Zollverein quite impracticable. The colonies of Spain and France are represented in the Parliaments of their respective Mother Countries, but that has never been the case with British colonies, and consequently the institution of one common tariff for the whole Empire is constitutionally impossible.

It is further to be considered that in almost every country in the Empire revenue is raised for local purposes from customs duties. In England itself an amount of revenue is obtained from specific customs duties which would probably exceed the whole sum required for purely Imperial purposes. In Canada 20 million dollars are raised annually from duties on customs, which it is at present impossible to dispense with. Here it is found that English experience does not apply, and that the cost of collecting the customs duties is less per dollar than is the case with those of the inland revenue. This will probably be found to be the rule in all new and sparsely populated countries. To replace the revenues from the customs levied by the Dominion Government with that derived from direct taxation is impossible, because between the Dominion and the municipal authorities there intervene the Provincial Governments, who at present raise considerable sums by direct taxes. These are, however, insufficient, and the various provinces receive annual subsidies from the Dominion, amounting in all to about four million dollars. This is provided for by the British North America Act, and the burden cannot be got rid of by the Dominion without the consent of the provinces. The first step, therefore, towards additional direct taxation can only be taken by the provinces, who would thus be able to relieve

the Dominion from paying the provincial subsidies. There is no present likelihood of any such action being taken by the provinces, and, therefore, to quote the words of Sir John Macdonald, "the Dominion is practically limited to indirect taxation." Moreover, this indirect taxation is levied in such a manner as incidentally to benefit those manufactures which are more or less suitable to the Dominion. This principle of protection is adopted in other British possessions, and it would be a very difficult matter, indeed, to procure its complete abandonment. In the West Indies it has been found impossible to raise the necessary revenues for carrying on the various governments without imposing duties on grain and flour, a proceeding very different indeed from that which obtains approval in England and in some of the colonies. Even in India, symptoms are developing which go to prove that import duties are considered essential to financial strength. If the various principles which regulate the framing of the different tariffs of the Empire are considered, as well as the different conditions under which all of them work, it will be acknowledged that their abolition cannot be procured, and that the construction of a common tariff for the whole Empire is entirely out of the question at the present time.

In connection with and justifying this conclusion, the following extract from The London Times of Sept. 26, 1894, may be quoted: "We find no justification exists in history or in common sense for the statement that liberty with regard to tariff legislation is an absolute barrier to political unity. On the contrary, we hold freedom in this respect to be no more opposed in principle to the conception of unity than is the liberty of local self-government in other respects upon which the whole fabric of Imperial Federation is based. The coal dues of London and the river dues of Paris have produced no perceptible effect on the unity of England or of France, and we are unable, as a matter of theory, to admit that the possession of similar privileges with regard to the imposing of customs duties by the colonies should act as an insuperable bar to the consolidation of the Empire."

## CHAPTER IV. IMPERIAL EXPENDITURES

Under this heading it becomes necessary to enquire (1) What are the Imperial purposes for which expenditures are necessary, and, (2) What is the amount approximately of the outlay which they occasion?

When, nearly 50 years ago, Sir George Cartier was explaining to the Commons of old Canada the provisions of the British North America Act, so far as those applied to the Province of Quebec, he used, as a justification of many of these, the words, "parce que nous sommes monarch'ues." Throughout the Dominion to-day devotion to monarchical principles, and loyalty to Her Majesty prevail and, no doubt, this may also be said concerning every part of the British Empire. At the Colonial Conference of 1887, the following modification of Her Majesty's title was approved by the representatives there assembled: "Victoria, by the Grace of God, Queen of the United Kingdom of Great Britain and Ireland, and of its Colonies and Dependencies, and Empress of India." Nevertheless, all the expenditures in support of the Imperial Throne and Court have been borne by England. But, surely, if there is any outlay which can truly be called Imperial, it is that which is necessary to uphold the Crown, one of the essential parts of the constitution of the Empire. Besides enjoying the advantages of stable monarchical government, the subjects of the outer Empire frequently make use of the agencies connected with the diplomatic and consular service, and, therefore, India, and the colonies ought to pay their share of the cost. This remark also applies to the Foreign and Colonial Offices, but in magnitude and cost none of these "Imperial purposes" can compare with the Imperial navy. The vast aqueous surface of the globe is divided into naval stations, in each of which "Britannia Rules the Waves." The British fleet patrols the high seas like a police force, giving security to the shipping of the nations of the world, as well as to that of Great Britain and her possessions. Not only does it render the coasts of England secure, but it also protects those of Canada, Australasia, South Africa, India and the West Indies. With unparallel-

ed liberality the United Kingdom has heretofore borne the whole expense of this magnificent protectorate of the oceans. Besides the naval estimates, there are other expenditures for defence purposes, common to the whole Empire. Such are the costs of the defence and garrisons of the Imperial fortresses, harbors and coaling stations spread over most of the British possessions, the subsidies or annual outlay necessary to connect these by submarine cables, and also for establishing regular steamship lines to connect the various divisions of the Empire, and secure the most rapid transit of mails, passengers and goods between them, as well as of troops and munitions of war.

It does not seem possible to include among these "common Imperial purposes" the purely military defence of the Empire, or of any part of it. That is or ought to be the business of each particular colony or dependency, many of which possess and support special departments of militia and defence. It would, for the present, at any rate, be unwise to disturb this arrangement, more especially because it appears to have been taken into consideration by the delegates to the Colonial Conference of 1887, the majority of whom accepted unreservedly the principle that land defence should be undertaken and paid for by the colonies. The statement of Sir Alexander Campbell is especially explicit on this point. He said:

"The Imperial Government had previously given us notice of their intention to withdraw from the colony Her Majesty's troops, and they declared their resolution to carry that out. The government here" (i.e., in London) "agreed to undertake the naval defence of Canada, the Canadian authorities undertaking the land defence of the colony. Upon that basis the confederation of all the provinces was formed, viz., that Her Majesty's troops were to be withdrawn (the withdrawal was then in course of being carried out), and that the local authorities were only to undertake the land defence."

Besides the burdens occasioned by the necessity of providing for the defence of

the Empire, there are others connected with its expansion which should not be forgotten. The world is on the move, and the British Empire, being "the greatest secular instrument for good known in our day," must expand. No doubt people in England often become uneasy at the occupation of new territory which now and then takes place, and with good reason, for they have to pay the bills which this expansion occasions. In the outer Empire the process is considered to be normal and legitimate,

and hesitation on the part of England to proceed in this direction is sometimes regarded as a sign of national decadence. When, recently, owing to the inaction of the English Government, the Necker Island was lost to the Empire, as a landing place for the Pacific cable, some newspapers in Canada expressed dissatisfaction. Still, it would appear that other authorities besides those of England are not without blame in such cases, and also that it is expecting too much from her good nature to think that she should shoulder all the responsibility and bear all the expense involved in this and other instances of Imperial annexation. Our Australian fellow-subjects had a similar grievance when Lord Derby declined to annex New Guinea, and England has been blamed for not making larger claims in South and Central Africa, and for not excluding other European Governments from sharing in such territory. Of course each and all of the self-governing colonies imagine that it is England's business to hand over to them the acquisitions made in their respective neighborhoods, and without any thought of compensation. There must be something radically wrong in all this colonial selfishness, and it has probably arisen from the extremely liberal way in which England, along with her gift of responsible government, handed over to her colonies, not only the territory to be governed, but also all her other assets situated within its limits. Vast land areas which had cost the Mother Country millions to conquer and to occupy, including valuable Crown and Ordnance Lands, and fortifications, were acquired by the colonies in the easiest way, and this seems to have given rise to the belief that the same process might be continued indefinitely. It is not at all surprising that England should sometimes passively resist such an assumption and hesitate to use her fleet and armies for making new annexations merely on the receipt of hints or requests from the colonial govern-

ments. The truth is that the time has arrived when the colonies should come to the assistance of the Old Country in such undertakings in accordance with a systematic and well considered plan. If it is thought necessary for the safety or expansion of the Empire to acquire new harbors, coaling or telegraph stations, islands, districts or continents, then they ought to be obtained on joint account, and each part of the Empire should bear an equitable share of the expense of each new acquisition and of the burdens which occupation always involves. All such enterprises may fairly be included among the Imperial purposes for which the whole Empire should provide funds.

It is not possible to estimate with accuracy the total cost of these Imperial purposes, nor is this necessary in order to explain the plan of an Imperial customs union set forth in this essay. The following estimate, based upon the expenditures of 1895-6, is only given as an approximation:

Throne and Court .....	£ 500,000
Diplomatic and Consular service ..	500,000
Foreign and Colonial Offices ....	100,000
Navy, including transport .....	20,000,000
Harbors and coaling stations ..	250,000
Submarine cables .....	250,000
Steamship subsidies .....	700,000
Imperial annexations .....	200,000

£22,500,000

Although it is believed that every part of the Empire enjoys more or less the advantages resulting from the expenditures here stated, it may be doubted whether, at the start, it would be wise to call upon every British possession to contribute its complete share. It has always to be remembered that "taxation without representation is injustice to the colonies," and that until Imperial representation becomes a part of the constitution of the Empire, it would be injustice to levy such an assessment upon all its divisions, as would fully meet the above outlay. In the meantime, it might be possible to admit the colonies to a consultative position as regards the expenditures for maritime defence, cables, etc. It would be reasonable, and, perhaps, advantageous for the naval authorities to consult the Agents-General resident in London as regards the advisability of proposed expenditures in their respective colonies. On the other hand, it would be obviously impracticable to allow them to say anything at all regarding royalty, diplomacy or foreign affairs. It would, therefore, be best to make provision at present only for the last five items in the foregoing estimate, amounting to £21,400,000.



## CHAPTER V.

### AN IMPERIAL TARIFF

Assuming that the annual sum just mentioned should be raised in proper proportions among all the communities of the Empire, 'it now becomes necessary to consider how this can best be raised by customs duties levied at the various ports of entry within the Empire on importations from without.

If we attempt to frame a tariff of specific duties for this purpose, we are at once confronted by the question as to whether they would or would not, in any instance, tend to exercise a protective influence on the agriculture or manufactures carried on within any of the countries of the Empire. In settling the rates of such specific duties, England would probably insist upon an extension of her system of taxing such articles as tea and coffee, while the colonies—Canada, at any rate—would in all likelihood advocate the free admission of these articles, and the levying of duties on manufactured goods, and, in this way, insist on sanctioning the principle of protection. Since the introduction of such disputed points would be most unwise, and since their discussion would infallibly wreck any attempt to establish an Imperial customs union on the basis of specific duties, the writer has thought it best to avoid these altogether, and to propose that the revenue for Imperial purposes should be raised by imposing an adequate ad valorem duty on all foreign imports of every description. What the amount of this duty should be would, of course, be determined by the amount of money required for Imperial purposes and the total value of the imports into the Empire from foreign countries. Avoiding any estimates of the latter in recent years, on account of commercial depression, and taking the figures given for 1885 in Sir R. W. Rawson's *Tariff and Trade of the British Empire*, the total importations are estimated to be as follows:

Into Great Britain and Ireland	£286,566,000
Into India, Ceylon, Straits Settlements, Labuan and Mauritius	24,337,000
Into Canada and Newfoundland	12,736,000
Into Australasia	6,751,000
Into West Indies, Honduras and British Guiana	3,206,000
Into Africa	1,061,000
Into Gibraltar, Malta, Bermuda	

and the Falkland Islands....	154,000
<b>Total .....</b>	<b>£334,811,000</b>

Dividing the estimate of Imperial expenditure given above by this total value of the imports of the British Empire, it is found that the former amounts to 64-1000 parts of the latter; and that a duty of about 6½ per cent. on the imports would provide £21,762,715 sterling, an amount sufficient to cover the cost of Imperial purposes above mentioned. It is not supposed that 6½ per cent. ad valorem would at all times, and under all circumstances, be found to be the proper rate of duty. That would have to be changed just as the sum of the importations and the necessities of Imperial finance altered, but it is maintained that this duty would be a reasonable rate with which to inaugurate the new system.

The imposition of such an Imperial revenue duty would leave the construction of the local tariffs of the various parts of the Empire entirely in the hands of the authorities who now control them, but it would, nevertheless, have a powerful influence in effecting their modification. For instance, the Chancellor of the Exchequer would find himself relieved from the necessity of providing for the naval estimates, and would be able to reduce the income or other taxes, or the customs duties in whatever way he or the English Parliament might think fit. Similarly, the Canadian Government would find it unnecessary to expend money on the protection of the fisheries, or for steamship or cable subsidies, and would be at liberty to reduce the customs duties. In the same way the outlay borne by certain Australasian colonies for their auxiliary fleet would become an Imperial expenditure, and to that extent their local taxation would be reduced. From these examples it will be seen that the adoption of the plan advocated in this essay would have the effect of reducing the local customs duties, and, speaking generally, it would give a very decided impetus in the direction of the establishment of freer trade within the Empire. Whether it will ever be possible to abolish the local tariffs entirely, and introduce perfect free

trade, such as now exist between the States of the American Union, will depend entirely on the financial necessities of each part of the Empire. At present, such a possibility seems to be very remote indeed, but there need be no hesitation in characterizing it as the ideal which we should strive after in our endeavors to obtain closer commercial and political relations among British countries.

As regards the collection of the proposed Imperial revenue, it does not appear that that would be attended with any cost beyond that now borne by the various local treasuries. Custom houses exist in every British port, whose officials could very readily collect the additional ad valorem duty, and whose authorities could easily transmit the proceeds to the Imperial Exchequer without making any charge upon it.

The amounts of Imperial revenue which would be raised in each division of the Empire, and their relative proportions, under the proposed scheme of a 6½ per cent. duty, are given in the following statement:

	Per Centages.
In Great Britain and Ireland .....	£18,626,790 85.6
In India, Ceylon, the Straits Settlements, Labuan and Mauritius .....	1,581,905 7.2
In Canada and Newfoundland .....	827,840 3.8
In Australasia .....	438,815 2.0
In the West Indies, Honduras, and British Guiana .....	208,390 1.0
In Africa .....	68,965 0.4
In Gibraltar, Malta, Bermuda and the Falkland Islands .....	10,010
	£21,762,715 100

It does not appear that this distribution of the burden of Imperial taxation would be unfair. The justice depends presumably upon the relative ability of each part of the Empire to pay taxes. If mere area were taken as the basis of apportionment, then such dominions as Canada and Australasia might complain of injustice. If population were adopted as the basis, then the greater part of the burden would fall upon India, which would be out of the question. One would think that some estimate of the ability of the various divisions of the Empire to bear taxation might be formed by considering the amounts of revenue which they have been in the habit of raising for their own purposes. These appear to have been approximately in the ratio of the following percentages:

	Per Cent.
United Kingdom .....	45
India .....	38
British North America .....	3½
Australasia .....	11½
South Africa .....	2
	100

It would be an additional punishment for their past extravagance if the Australian colonies were to pay three times as much as Canada of the taxation for Imperial purposes, and that India should contribute more than one-third of the whole would also be unjust. It has been proposed that, since the cost of the navy is the chief item of Imperial expenditure, the assessment should be levied in proportion to the trade of each part of the Empire, which would cause the burden to be borne in the following proportions:

	Per Cent.
United Kingdom .....	80.0
India .....	9.0
Canada .....	2.4
Australasia .....	7.5
Africa .....	1.0
	100

The difference in the incidence of taxation betwixt this system and the plan proposed by the author of this essay is very slight, as will be seen from the following comparisons.

	On total Trade.	On foreign Imports.
United Kingdom .....	80.0	85.6
India .....	9.0	7.2
Canada .....	2.4	3.8
Australasia .....	7.5	2.0
West Indies .....	—	1.0
Africa .....	1.1	0.4
	100.0	100.0

The chief difference lies in the fact that, if the total trade were taxed, the burden would fall equally as much upon inter-British as upon foreign trade; by taxing foreign importations only, trade between the various parts of the Empire would be encouraged. For this and other reasons, it is contended that the proposal made in the present essay for raising a revenue for Imperial purposes is to be preferred as most advantageous to the Empire.

That inter-British trade, rather than that of foreign countries, should be encouraged, is maintained by the historian Alison, who writes on the subject:

"These facts illustrate the important, and, to a commercial state, vital distinction between the foreign and colonial trade, as they affect the market for manufactures and the means of national security. It may safely be affirmed that, on a due and general application of this distinction, the existence of the British Empire in future times will in all probability depend. Ex-



perience has now abundantly proved that, even as a trading and manufacturing state, we are dependent on our colonies, if not for the largest, for the most growing part of our exports, and that it is in these that both the most eventually important and enduring market for our domestic industry is to be found."

Nor will the importance of our colonial trade be denied by those who have read recent articles on Imperial federation in *The Statist*. As that journal states: "It has been shown that the command of the sea is indispensable for the preservation of the Empire, the prosperity of the colonies, the existence of the Mother Country." This command of the sea must be maintained by a powerful navy, with its necessary bases. This navy must be manned, and, in time of war especially the only source from which its seamen can be recruited is the merchant marine engaged in trading with the colonies. The foreign carrying trade cannot be utilized for this purpose, because it is as much enjoyed by foreigners as by ourselves. The only traffic which can be permanently relied on as a nursery for seamen is that with our own dependencies, and of which we cannot be deprived by foreign

jealousy or hostility. Allison has also written on this point as follows.

"Experience has everywhere proved, what reason might a priori have anticipated, that trade with independent states, how extensive soever, invariably comes in the later stages of society to fall more into the hands of foreign shipowners, and that, in the very magnitude of a great manufacturing state, foreign commercial intercourse is laid, but for the intervention of its own colonies the sure foundation of its ultimate subjugation. The reason is to be found in the lower value of money, and consequent greater expense of building and manning ships in an old, opulent commercial community than in a young and rising one, which has the material of a commercial navy within its own bounds, and the consequent cheaper rate which goods can be transported and ships maintained by it. From this cause, the debility of advanced years necessarily and very shortly comes over every maritime community which is not perpetually reanimated by the trade with its own colonies, just as the weakness of age prostrates every family which is not upheld by the growing strength of its own younger branches."

## CHAPTER VI.

### THE PRINCIPLE OF PROTECTION

Since any proposals for forming an Imperial customs union must be such as will procure their acceptance by the governments interested, and since the English people, as a whole, disapprove of protective tariffs, it becomes necessary to enquire whether the plan proposed in this essay for raising an Imperial revenue by a duty of 6½ per cent. ad valorem on all foreign importations is one which involves any sanction to "the principle of protection."

It is somewhat difficult to define authoritatively "the principle of protection." As it is understood in Canada, a protective tariff is one imposed principally for favoring the industrial interests of the importing country, and is not absolutely required for revenue. The best example is that of the United States, the openly expressed object of which is to benefit the capital and labor of that country. It has provided a large amount of revenue incidentally, by which a large proportion of the war debt has been paid off. There was no pressing ne-

cessity for this, and had the Americans been anxious to promote commerce with other countries they could easily have lowered their import duties. Although that nation did not approve the McKinley Bill, it nevertheless selected Mr. McKinley as President, and appears to have made up its mind to retain its protective policy. It is quite just to say that this is for the purpose and has the effect of enabling the manufacturer to pay higher wages, besides securing to himself better profits. On the other hand, the consumer in the United States is willing to pay more for the goods he uses if thereby he can make work more plentiful among his countrymen. He simply prefers to pay his poor rates in this way; to give higher rates for labor rather than foster pauperism by distributing unearned money. A tariff which sanctions the principle of protection is, therefore, one which imposes higher duties on certain classes of foreign goods than are requisite for revenue purposes, and in which the

also writ-  
proved, what  
puted, that  
how exten-  
in the later  
to the hands  
in the very  
during state,  
is laid, but  
own colonies  
imate subju-  
ground in the  
consequent  
and manning  
commercial com-  
rising one,  
a commercial  
and the conse-  
goods can be  
tained by it.  
of advanced  
shortly comes  
duty which is  
by the trade  
the weakness  
which is not  
th of its own

the Americans  
commerce with  
sily have low-  
Although that  
McKinley Bill,  
McKinley as  
ve made up its  
e policy. It is  
is for the pur-  
f enabling the  
wages, besides  
profits. On the  
in the United  
e for the goods  
make work more  
men. He sim-  
or rates in this  
for labor rather  
distributing un-  
which sanctions  
n is, therefore,  
dies on certain  
an are requisite  
t in which the

rates of duty are made to vary according to the nature of the article and the circumstances attending its production, both in the importing and the foreign country. This protective tariff may, at the same time, admit of the introduction of some products, especially raw materials required for manufacturing, free of duty altogether. According to this description of a protective system, the Imperial import duty proposed in this essay cannot be said to be protective in any sense. It is to be imposed purely for procuring revenue; it is perfectly uniform and is imposed upon all foreign importations without excepting anything or any description of raw material.

When, in 1820, the merchants of London petitioned the House of Commons in favor of free trade, they declared that "It is against every restrictive regulation of trade not essential to the revenue, against all duties merely protective, against foreign competition, and against the excess of such duties as are partly for the purposes of revenue, partly for that of protection that the prayer of the present petition is respectfully submitted to the wisdom of Parliament." Judged by the standard set forth in this quotation, it does not appear that the proposed Imperial revenue duty infringes any of the principles of free trade. It may be called a restrictive regulation to some slight degree, but it is far less so than the duty on tea levied in England. It places a slight burden on the introduction of foreign goods, but it is far from being "merely protective." It cannot be called excessive, because it is barely sufficient for the purposes in view. The proposed rate is so low that it cannot be even suspected of the "taint of protection."

When Cobden visited Berlin, Dr. Eichhorn told him that the originators of the *zollverein* did not contemplate establishing a pro-

ective system; it was distinctly understood that the duties on foreign goods should not, as a rule, exceed 10 per cent. In such free trade countries as Belgium and Holland, a rate of five per cent. *ad valorem* has often been imposed on unenumerated articles, and never regarded otherwise than as a duty for revenue purposes. These facts prove that the adoption of the plan proposed in this essay, for providing an Imperial revenue, would not sanction in any way the principle of protection.

Not only so, but the placing of a slight burden on importations from foreign countries appears to be eminently just and reasonable, when it is considered that the shipping of all nations is a debtor to the British fleet. Our navy patrols the high seas like a marine police force, giving security not to British commerce alone, but to that of all the world besides. Why should this great service be performed by Great Britain for nothing? There is no good reason for such generosity, but, on the other hand, it can be maintained that she is fully justified in exacting a toll, in whatever way she can obtain it, from foreign governments as some slight compensation for her outlay in maintaining the peace of the high seas. Such a toll in the shape of a 6½ per cent. duty on foreign importations would not be considered exorbitant.

It is impossible to attribute a protective character to a customs duty imposed for a special purpose, on every variety of imported goods, and at a uniform rate, and moreover, it can be maintained that such a duty would have a strong tendency to promote free trade within the Empire. The greater the amount of revenue produced by such an all-round Imperial duty, the less necessity will there be for burdening inter-British trade with local import duties, and the freer will commerce become betwixt the various parts of the Empire.

## CHAPTER VII.

### IMPERIAL INTERESTS

It is next necessary to enquire whether the scheme proposed in the foregoing chapters is one which is likely to maintain the integrity and strengthen the defence of the Empire, and whether it promises to be permanently advantageous to the various peoples and interests whose consent is necessary to its adoption.

That the scheme now brought forward will have a strong tendency to maintain the integrity of the Empire may be proved by reference to the origin of the German *zollverein*. Previous to the year 1828, although the old Diet was in existence, there were in Germany as many customs boundary lines as there were limits for the



to the colonies it is basis, which se of justice er the plan gest amount cent.) would Kingdom, outer Empire ons sterling, present con- The proposed de by annual d, but by a olled by the rge of the de- session of an ce of revenue ne authorities ne plans for a e their prepa- greatest con- various outer scious of hav- to its defence, it, and come y the business e feeling of in- ld, it is main- mproving the e of the Empire, ore readily in e. scheme propos- permanently ad- interests whose adoption." The ie material in- es constituting portance among e United King- rests would be which her pro- markets of her ly be doubted. e foreign countries a imperial eas- of the ordin- ods would only and would, of of the addition- Such a prefer- in view of the goods have to from the boun- factories of for- English manu- l in Indian and e goods from United States

would have to pay somewhat more duty than those from the Mother Country. The plan here advocated would be a safe one, and have a tendency to cause trade depressions and worklessness to disappear from among the communities of Great Britain, while uniting them, by the strongest ties, with their brethren across the ocean.

The reality of the existence of these "depressions of trade and industry" in the United Kingdom has been proved by the labors of the Royal Commission which investigated the subject, as has also been the fact that they are to a great extent owing to a diminution in the demand for English goods, both in home and foreign markets. But the fact that Great Britain is losing her hold upon the markets of her

colonies and dependencies has not been sufficiently emphasized in the report of the commission referred to. The British people have been too much inclined to accept as the truth the common saying that "Trade follows the Flag," when, in fact, that expression is fallacious to a considerable degree. In the Dominion of Canada, over which the British flag happily floats, there has been during the last 20 years a diminution in the quantity of goods imported from England, accompanied by an increase in those furnished by the United States, France and Germany. The following statement of the values of those importations is copied from the Trade and Navigation Returns for the year ending June 30, 1896:

Fiscal Year Ended June 30.	From Great Britain.	From United States.	From France.	From Germany.
1875 .....	\$60,347,067	\$50,805,820	1,941,298	\$748,423
1876 .....	40,734,260	46,070,033	1,840,877	482,587
1877 .....	39,572,239	51,312,069	1,410,732	370,594
1878 .....	37,431,180	48,031,730	1,385,003	309,326
1879 .....	30,993,130	43,730,210	1,532,101	440,909
1880 .....	34,461,224	29,346,948	1,115,841	440,791
1881 .....	43,583,808	36,704,112	1,631,332	634,266
1882 .....	50,597,341	48,280,052	2,007,358	1,480,004
1883 .....	52,052,465	56,022,233	2,316,189	1,899,154
1884 .....	43,418,015	50,462,826	1,769,849	1,075,771
1885 .....	41,406,777	47,151,201	1,955,581	2,121,269
1886 .....	40,609,190	44,858,030	1,975,218	2,155,523
1887 .....	44,962,233	45,107,066	2,073,470	3,235,449
1888 .....	39,298,721	48,481,818	2,244,784	3,364,593
1889 .....	42,317,380	50,537,440	2,228,683	3,692,570
1890 .....	43,390,241	52,291,973	2,615,602	3,778,093
1891 .....	42,047,526	53,685,657	2,312,143	3,804,090
1892 .....	41,348,435	53,137,572	2,402,634	5,583,530
1893 .....	43,148,413	58,221,976	2,832,117	3,825,763
1894 .....	38,717,267	53,034,100	2,536,904	5,841,542
1895 .....	31,131,737	54,634,521	2,585,174	4,794,159
1896 .....	32,979,742	58,574,024	2,810,042	5,931,459

According to a letter in The Times of Sept. 21, 1895, from Sir Henry T. Wrenfordley (Leeward Islands, W.I.), something of the same sort has taken place in Victoria and the Australian colonies, goods of the most varied character being imported in large quantities from such protectionist countries as France, Germany and the United States. The same authority also makes the following statement: "With respect to the eastern islands of the Caribbean Sea, their trade with England is practically a thing of the past. . . . The present trade is in the hands of the Americans." In The Times of Nov. 12, 1895, Mr. W. J. Hammond writes as follows concerning the iron trade: "At the present time we not only purchase girder and other iron abroad cheaper than we can produce it, but we are being undersold in all foreign markets. Most of the contracts now being executed

by us are at such prices as leave no profit to the manufacturer, who is obliged to take them in order to keep his men together in hopes of future better prices. When?" More recently we hear of the United States competing successfully with England in supplying steel rails for India, and according to the latest accounts, Great Britain is losing ground in her own markets. She imported £11,438,513 more of foreign goods in the first eight months of 1897 than during the corresponding eight months of 1896, and exported £3,195,174 less. This increase in imports proves that Great Britain cannot hold her own with the United States and Germany, even within the confines of the United Kingdom itself. The United States is shipping steel rails, bicycles, electrical machinery and other manufactures to Great Britain, while the British stores are flooded with cheap stuff "made in Germany."

It thus appears that, although the United States, France and Germany are countries practising protective principles, they, nevertheless, can compete successfully with Great Britain in her own markets, and in those which are hers naturally by ties of relationship and nationality. The cause of this extraordinary phenomenon is no doubt correctly given in the following passage, from the Depression Commission's Report: "The high prices which protection secures to the producer within the protected area naturally stimulate production and impel him to engage in competition in foreign markets. The surplus production which cannot find a market at home is sent abroad, and in foreign markets undersells the commodities produced under less artificial conditions." That is to say, in other words, that this commercial warfare is being waged by England with her flanks, and rear unprotected against the foreign producers who fight from a base of operation perfectly secure. Furthermore, the latter are free from all burdens requisite to secure the existence of the markets in question and to protect the highways of the ocean, while English manufacturers must bear their share of the load of direct taxation which provides the funds for these purposes. This is not a situation likely to be viewed with complacency from the point of view of an English manufacturer, and, although the Royal Commission suggested no cure for it, it is not at all unlikely that remedial measures will sooner or later be attempted, and it would not be surprising if these should be rather drastic in character. It will be evident that the mild plan proposed in this essay will have the effect of encouraging inter-British trade, perhaps, of regaining to England those markets in her own possessions which are now being filched from her, and thus extricating her commerce from an utterly intolerable and humiliating position.

Under the arrangement referred to the Indian Empire would be called upon, besides providing for its government and armies, to contribute about £1,582,000 annually for naval defence. This would include the £100,000 now payable by the Straits Settlement Colony. This large sum would, however, be raised in such a manner as to fall almost imperceptibly on the taxpayers, and be in part borne by foreign manufacturers or traders. At the same time the native producers would find that a steadier market had been created for their wares in England and many of her colonies, and

that their wheat, rice, cotton, tea and coffee were being preferred to a slight extent by purchasers there. These circumstances could not fail to be perceived by our Indian fellow-subjects generally, and cause them to be satisfied with the scheme now proposed.

It is estimated that the proceeds of the proposed Imperial revenue duty in the Dominion of Canada with Newfoundland included would amount to £827,800, or \$4,130,000 in Canadian currency. This is not by any means an inconsiderable sum, and there is no doubt that opposition to paying it would arise especially on the part of the "turbulent minority," who are inclined to "look to Washington." They would probably attempt to stigmatize the duty as "tribute" paid to the United Kingdom, and endeavor thus to render it unpopular. Misrepresentations of this sort could be met and, no doubt, overcome by pointing out that the levying of the Imperial duty throughout the Empire would have the effect of subjecting the agricultural products of the United States to a burden of 6½ per cent. on their value on their arrival in the ports of the United Kingdom, while those of Canada would escape this duty. Of course this would not prevent the Government of the United Kingdom from levying a duty on grain generally, including that of Canada, if they were so inclined, but even in this event the extra *ad valorem* duty would still be levied on the foreign product, and not on that of Canada. Under the proposed plan Canadian cheese could be sold in the markets of England and the West Indies for half a cent per pound less, and Canadian butter for one cent per pound less than the same dairy products of other countries, and this would have a tendency to render the trade in these articles less fluctuating. Canadian shipments of manufactured goods to Australasia would have a similar advantage over those from the United States, and the total result would be to make Canadians more inclined to contribute as proposed towards Imperial purposes.

The foregoing considerations, modified to suit the different circumstances, apply more or less to Australasian and South African trade, and it is maintained that in the self-governed colonies any system contributing to Imperial defence would be accepted if it carried with it preferential treatment in British ports throughout the Empire. With reference to the West Indies, it is doubtful whether any such impost as

6½ p  
of K  
equi  
of b  
But  
dency  
prod  
mah  
creas  
ana,  
Island  
over  
dor,  
tages  
fellow  
cently  
ment  
of th  
It a  
that  
all th  
all th  
levyin  
is onc  
the m  
If it  
It mig  
will b  
tribut  
may  
these  
vario  
rialist  
tagion  
upon  
to th  
Col  
logies  
throu  
eviden  
Empir  
tribu  
their  
out o  
them  
bene

It  
men  
look  
com  
not  
for

sea and col-  
light extent  
circumstances  
our Indian  
use them to  
w proposed.

needs of the  
in the Do-  
undland in-  
d, or \$4,139,-  
is not by  
m, and there  
to paying it  
part of the  
inclined to  
would pro-  
the duty as  
kingdom, and  
popular. Mis-  
ould be met  
pointing out  
imperial duty  
have the ef-  
ficial products  
burden of 6½  
arrival in  
kingdom, while  
this duty. Of  
the Govern-  
from levying  
cluding that of  
ned, but even  
valorem duty  
foreign pro-  
Canada. Under  
neese could be  
land and the  
er pound less,  
cent per pound  
ducts of other  
have a ten-  
trade in  
g. Canadian  
goods to Aus-  
tralian advantage  
states, and the  
like Canadians  
s proposed to-

6½ per cent. on the sugars of the Continent of Europe would be a countervailing duty equivalent to what is paid on them by way of bounties in the countries of production. But the Imperial duty would have a tendency to favor the trade in other tropical products, such as coffee, cocoa, fruit, drugs, mahogany and dye woods, and might increase the export of these from British Guiana, British Honduras and the West Indian Islands, giving these a slight preference over such countries as Guatemala, Ecuador, Brazil and Venezuela. Such advantages in trade would be welcomed by our fellow-subjects in the tropics, who have recently suffered much loss and disappointment by the sudden changes in the tariff of the United States.

It should not be left out of consideration that the integrity of the Empire will be all the better maintained, and its defence all the more strengthened if the system of levying an assessment for Imperial defence is one which will at the same time benefit the material interests of the contributors. If it should not have such an effect, then it might be anticipated that great difficulty will be experienced in collecting the contributions. A few Imperial federationists may consider it quite practicable to obtain these from the consolidated funds of the various parts of the Empire, but the Imperialist's admiration of his ideal is not contagious, and his enthusiasm has no effect upon those whose mental vision is only open to the prospect of material advantage.

Cobden said: "You may reason ever so logically, but never so convincingly as through the pocket." It should be made evident to the governments of the outer Empire that it is to their interest to contribute. This they will be unable to see if their contributions are to be in hard cash out of their ordinary revenues. But show them that the manner of contributing will benefit their trade and give them prefer-

ences in British markets over the whole world, and any unwillingness they may display will soon disappear. If the various colonies of the Empire agree to contribute towards its defence it is surely most reasonable to insist upon their being put on a better footing than foreign nations in their trade with each other, and with the Mother Country. This is a point which might be conceded very gracefully by England. It is very evident to those who know anything about the states of the outer Empire, that the only plan by which England can hope to obtain their consent to contribute substantially towards Imperial defence is by giving them a slight commercial preference in English markets.

Besides, any other plan would produce altogether different results from those which the people of England are usually credited with desiring. Suppose that the preference just referred to were not conceded, and that England should decide to exact from her colonies contributions for naval defence and Imperial purposes in hard cash from their respective treasuries, what would be the consequences? The majority of the possessions referred to would simply have to raise the money required by increased duties on imported goods. Such would certainly be the case in the Dominion of Canada, which has no other means of procuring revenue. In this way inter-British and other commerce would be still more impeded, and any plan of obtaining direct contributions for Imperial purposes would simply have the effect of establishing still more firmly the protective systems of the outer Empire. If the people of England desire gradually to abolish these, the first step to be taken in that direction is to establish an Imperial tariff on foreign importations, relieve the colonies as much as possible from undertaking their own defence, and so enable them to reduce the duties leviable under their several local tariffs.

## CHAPTER VIII.

### COLONIAL ACTION

It is frequently stated by English public men and statesmen, that any propositions looking towards closer British union should come from the colonies. This opinion does not appear to have a sound foundation, and for the colonies to take the initiative would

surely be to reverse the proper order of things. The United Kingdom possesses at the present moment the hegemony of the British Empire, and the Parliament of England is the only body legally entitled to legislate for the British possessions as a

as, modified to  
es, apply more  
South African  
that in the  
system contri-  
ould be accept-  
ferential treat-  
hroughout the Em-  
West Indies,  
uch impost as



whole. The government which possesses its confidence is the proper authority to make proposals in the direction of closer union, either for commerce, defence or Imperial representation. Besides, no single colony can do more than speak for itself, nor has it any authority to convene representatives from the others for consultation. It is true that Canada was able to bring about the assembling of such representatives in the conference of 1894, but this was an extraordinary step, only justified by the success which attended it. Such conferences cannot be held very readily, and there are no constituted means for provoking mutual consultation or action on the part of the colonies.

As it turned out in the case of the Ottawa Conference, the much desired proposals from the colonies met with as little favor from Lord Ripon as similar proposals from Canada had previously received at the hands of Lord Knutsford and Sir Michael Hicks-Beach. The propositions were declined by the Colonial Secretary of a Liberal Government, and Mr. Chamberlain, instead of reconsidering the decision of his predecessor, and making a counter proposal, was only able to say, "Make us another offer." This he did when he delivered his famous Canada Club speech and maintained that in the Canadian suggestion which he had been discussing, "there is no sufficient quid pro quo;" also when he said, in his Chambers of Commerce address, "I do not consider that it would be either wise or practicable that a proposal of this kind should come in the first instance from the United Kingdom."

But why should it be assumed that it is the business of the colonies to make proposals, only to be criticized and rejected by English statesmen? It must seem very plain to most people that, under the existing arrangements between Great Britain and her colonies, the latter have the best of the bargain, and therefore it is not to their interest to disturb it. Why, in these days of "buying in the cheapest market," should the average colonial community desire any change? They are proud to be loyal subjects of the Queen, although they do not pay one cent of the household expenses of Her Majesty. They enjoy the advantages of the diplomatic and consular services as much as the inhabitants of the British Isles, and that certainly without cost. It is also well known that, in negotiating trade treaties, the expensive ma-

chinery of the Foreign Office is frequently placed at the service of the colonial governments gratis. Even the British Parliament is occasionally called upon to legislate for the outer Empire, and the Colonial Office sometimes interests itself in the same behalf, all out of pure generosity and without even so much as hinting at recompense. Added to this is the stupendous advantage which the colonial Empire enjoys, absolutely without cost, in the protection of its shipping and shores against spoliation and aggression from every quarter. Nevertheless, common colonial calculating natures and the average sound, solid, sordid business man may find nothing in all this to make them wish for any change. The management of their own political affairs and the control of their own tariff arrangements are entirely in their own hands. They are prosperous, comfortable and contented, and it is evident that, from a material point of view, there exists no reason why they should make proposals about British trade or volunteer to contribute towards naval defence or other Imperial purposes. If they should be required to do so, other arguments will probably be necessary to induce them to comply than those founded merely upon patriotism and a sense of duty.

Although, from a material point of view, and looking at the matter very narrowly, indeed, there is no inducement for Canadians to busy themselves about Imperial federation, still the facts remain that they do take an interest in the subject, and that their government has not remained inactive. The Imperial sentiment is widespread in Canada, where it is also realized that the colonies are the outposts of the Empire, and most liable to suffer, at the beginning of a war, from hostile attack. Hence all loyal British colonists are desirous, when the Empire is at peace, and when there is time and opportunity for deliberation, that thorough preparation should be made for defence. Moreover, they generally entertain the opinion that since the various parts of the Empire are bound to stand shoulder to shoulder, fight the same enemies, and generally to "sail in the same boat," these parts are entitled to some advantages over alien communities in less troublous times. They believe in showing favors to each other in matters of trade and commerce, and helping each other vigorously in time of peace, to earn the sinews of war. They consider that it would be right and proper

a frequently  
colonial gov-  
British Par-  
upon to leg-  
and the Colo-  
itself in  
are generos-  
as hinting  
is the stu-  
colonial Em-  
cost, in the  
and shores  
cession from  
common co-  
the average  
man may  
te them wish  
ment of their  
control of their  
e entirely in  
perous, com-  
It is evident  
of view, there  
should make  
e or volunteer  
defence or  
y they should  
arguments will  
duce them to  
merely upon  
y.

point of view,  
very narrowly,  
t for Canadians  
imperial federa-  
that they do  
object, and that  
ained inactive.  
widespread in  
alized that the  
of the Empire,  
t the beginning  
ack. Hence all  
desirous, when  
d when there is  
deliberation, that  
d be made for  
generally enter-  
the various parts  
to stand shoulder  
e enemies, and  
me boat," these  
advantages over  
troublesome times.  
favors to each  
and commerce,  
gorously in time  
ys of war. They  
right and proper

for England to prefer in her markets the products of the outer Empire beyond those of the foreigner, being at the same time prepared to act in the colonies in a corresponding manner with regard to English goods. They felt, however, that discrimination against foreign countries would never be obtained in England, until the colonies had begun to discriminate in favor of England. Hence their disgust and indignation on learning that they were debarred from taking action in this direction by treaties made by England herself with Belgium and Germany, which expressly precluded preferential fiscal treatment of British goods by the colonies and dependencies of the British Crown.

It is unnecessary to detail the various steps taken by the Canadian Government to get rid of these treaties. It is sufficient to say that these, until quite recently, were unsuccessful. The respectful and legitimate representations of the Canadian Parliament, and the resolutions of the Ottawa Conference, failed to influence the English Government or cause them to move in the desired direction. The more positive action of Sir Wilfrid Laurier's Government had a different effect. A discrimination, actually put in practice in favor of English goods set the existing law at defiance, enlisted the sympathies of the English people, and caused the denunciation of the treaties. These events seem to justify the remark that England requires to be bullied into taking steps that are manifestly to her own advantage. If she had denounced the treaties a year earlier, she would have been in exclusive possession of the preference granted by Canada. As it is, the reduction of duty had to be extended to almost every foreign country, and, strange to say, withheld from the United States, and all British possessions, excepting New South Wales. This absurd state of affairs will, however, be brought to an end on July 30, 1898, when the actual abrogation of the treaties takes place.

Meanwhile, the question as to what action the colonies should take, in consequence of the abolition of the treaty restrictions, is assuming greater importance every day. At the Conference of the Premiers, when attending the Jubilee celebration, the following resolution was passed unanimously: "That in the hope of improving the trade relations between the Mother Country and her colonies, the Premiers present undertake to confer with their colleagues with a view

to seeing whether such a result would be properly secured by preference given by the colonies to the products of Great Britain." If the Premiers keep faith with Mr. Chamberlain, they will make every effort to establish such tariff arrangements as will give an advantage in their markets to England and her possessions, and to these alone. In order that this may be done effectually a warning was given by Mr. Chamberlain in his opening address at the Conference that entanglements with the most-favored-nation clause should be avoided, and that, if any colonies desired to make a preferential arrangement with the Mother Country, the offer should be made by name and to the Mother Country only.

Of course, Sir Wilfrid Laurier and his Government are as much bound by such resolutions and warnings as any other colonial administration, and it will be necessary to consider them well in any legislation which is undertaken by parliament during the coming session. It is impossible to overrate the importance of the matters then to be discussed, and which have to do with the future trade relations of the various parts of the Empire. Perhaps the most important business will be the framing of the tariff regulations which are to take effect after the actual abrogation of the treaties. It may even be a question as to whether the present reciprocal tariff should not be repealed at the earliest possible moment, for it is causing a much greater loss of revenue than was at first anticipated by the government. The average annual amount of revenue heretofore collected on goods from the United Kingdom, and all foreign countries except the United States, amounts to \$12,250,000. A deduction of one-eighth of this sum will amount to about 1½ million dollars, and, after allowing for those duties upon which there is no rebate, it may safely be said that the reciprocal tariff is responsible for a loss of \$1,200,000 of annual revenue, or of one and a half millions up to the end of July 1898. The government can scarcely allow this loss of revenue to continue beyond that time, and it is even doubtful as to whether they can afford to put the preference, which they propose to give to English goods after the treaty expires, in the shape of a reduction on the ordinary duties. Owing to the loss of revenue already actually sustained, and the fact that no great reduction in the expenditure of the government is to be anticipated, it would be much more judicious to impose an extra ad valo-



rem duty on foreign importations over and above the ordinary rates, rather than continue the system of granting a rebate on the duties collected on goods from Great Britain.

There are two additional reasons which should weigh strongly in favor of such a policy. The first of these lies in the consideration that England is not likely to lag behind any of her colonies in generosity, and will not fail to reciprocate Canada's action, giving us the same measure of advantage in English markets that she has obtained in the Dominion. With her present tariff arrangements, England cannot give any preference to her colonies by reducing duties, because she levies none on the products in which they are interested. But it would be easy for her (and she is in the highest degree likely to imitate Canada, in manner and substance, as proposed in this essay), to levy the same rate of duty on all foreign importations. Not only would Canada's action influence her powerfully, but public opinion in England would be entirely favorable to the step, it having become abundantly evident that foreign nations, although enjoying complete freedom of access to English markets, have no intention of conceding a like liberty to the United Kingdom.

The remaining reason why Canada should act in the way suggested is to be found in the necessity of making some response to the very plain hints she has received as regards contributing to the defence of the

Empire. It would seem to be the height of folly to sacrifice any more revenue until this matter had received attention. It was referred to in many of the speeches delivered by the statesmen of the Empire, while the Jubilee was being celebrated, and Mr. Chamberlain, in addressing the Premiers, expressed himself as follows: "We are looking to the colonies still as children, but rapidly approaching manhood. In the lifetime, perhaps, of some of us, we shall see the population doubled, and certainly in the lifetime of our descendants there will be great nations where now there are comparative sparse populations; and to establish in the early days the principle of mutual support, and of a truly Imperial patriotism, is a great thing, of which our colonial statesmen may well be proud. I shall be very glad to hear the views of the Premiers in regard to this question, of any contribution which they think the colonies would be willing to make in order to establish this principle in regard to the naval defence of the Empire." This is a claim for which Canada is at least morally liable, and there is no doubt that it will have to be met sooner or later. It would be both honest and manly on our part if we were to declare our intention of doing so at once, and make an offer to devote the proceeds of the extra duty on foreign goods referred to above as a contribution to a naval defence fund, provided always that all the rest of the Empire, including England, would make their contributions at the same rate and in the same way.

## CHAPTER IX.

### IMPERIAL LEGISLATION

There was point and pungency in the sentence that was spoken on June 11, by the Hon. Mr. Turner, Premier of the Colony of Victoria, at the United Empire League dinner. "Make your offer," said he, "and the colonies will welcome it in no huckstering spirit." This was said to an assemblage of English gentlemen, many of them engaged in business, and all favorable to the establishment of preferential trade with the colonies.

The last phrase in the sentence was evidently intended to recall the celebrated remarks of Mr. Chamberlain in the speech delivered by him a year ago on June 9, at

the third Congress of the Chambers of Commerce of the Empire, and which are here quoted: "We know how strenuously the colonies cling to their independence, to their own initiative. If they desire, as we desire, and as we believe they do, this closer union—if they are willing to make some sacrifice of their present arrangements and convictions to secure it—let them say so. Let the offer come voluntarily from them, and I believe it will be considered in this country, not in any huckstering spirit, but that it will be entertained as part of a great policy which is intended to unite in the closest bonds of affection and of interest all

the communities which are under the British flag, and all the subjects of Her Majesty throughout the world."

What did the Colonial Secretary and the Premier of Victoria mean by a "huckstering spirit?" No doubt the spirit of the peddler, of the petty bargainer, who beclouds with a multitude of words the defects of his wares, just as the diplomatist is said to use language to conceal his thoughts. We have as little fear as the authorities above mentioned, that the methods of the retail dealer will cause any difficulty in such commercial negotiations as may become possible between the Mother Country and her colonies. There is, however, a spirit much more to be dreaded in such matters than that of the huckster. We refer to the spirit of the monopolist, of the large capitalist, who believes that he has the upper hand, and who thinks that all he has to do is to wait stolidly and callously until other less fortunate people come to his terms. It is he who most frequently uses the words "make me an offer," rejects it readily when made, and does not trouble himself about making any counter proposition. He is content to let the negotiations drag, until the necessities of the borrower or the seller compel them to make such a sacrifice as to render the bargain an undoubtedly profitable one to the man of money.

The policy of England towards her colonies in commercial matters (but in those alone) has been leavened not a little by this spirit of the self-sufficient capitalist during the last 50 years. Owing to the dominance of the free trading or rather free importing party, the feeling of relationship in race and interest with the colonial Empire was suppressed. The canny Scot used to say, "It's not lost what a frien' gets," but, under the influence of free tradeism, Scot, Southron and Celt became as cold as codfish to their colonial brethren. It is to be hoped that the time is rapidly approaching when the Imperial Government will abandon not only the spirit of the huckster, but that of the usurer as well, and make an offer in generous and confiding terms, with all the details filled up, to all the British colonies, which will tend to consolidate the Empire both as regards commerce and defence.

It has already been attempted in this essay to give reasons why the Imperial Government should take the initiative in this matter, and what their proposal should be has also been foreshadowed. In what

manner it should be made does not admit of much doubt. At the recent Premiers' Conference the following resolution was unanimously adopted, which establishes an institution for receiving and discussing such proposals: "Meanwhile, the Premiers are of opinion that it would be desirable to hold periodical conferences of representatives of the colonies and Great Britain for the discussion of matters of common interest." A communication from the Home Government to the authorities, stating their plan, and calling another Colonial Conference to discuss it, might readily lead to the desired result of simultaneously establishing British commercial union and providing a revenue for Imperial purposes. A definite proposition, embracing a scheme, such as described in this essay, might be laid before such a conference by the Home Government. No doubt such proposals could at once be laid before parliament, but it would be wiser to have them discussed previously at a conference of colonial representatives. As in former instances, the latter would be unable to bind their respective governments, but they could say what would likely be acceptable in the colonies.

The Imperial Government would then be ready for legislation in parliament, and could pass their measure, which would, of course, provide that it should not apply to the outer Empire until after acceptance by the various authorities and parliaments existing there.

Such a measure would levy an Imperial duty of  $6\frac{1}{2}$  per cent. ad valorem on all goods arriving in any and every British port, over and above the different local tariffs there in force. It would provide that the proceeds of this particular duty collected in England should be kept separate from her other revenues, and applied only for naval defence. It would enact that the same proceeds in British possessions beyond the sea should be remitted to the Home Government, and devoted to the same purpose. It would also be understood that any part of the Empire declining to agree to this arrangement would have its products treated like those from foreign countries and subjected to the payment of the Imperial duty. There cannot be any doubt as to the manner in which such enactments would be received by the well disposed colonies and Crown dependencies. They would only be too willing to contribute in this way to Imperial defence and obtain at this price a preference in the markets of Great Britain.

It may be urged that taxation without representation is an impossibility in these modern days, and that therefore a customs union of the nature proposed in this essay could not be carried into practice without providing for the representation of the outer Empire in an Imperial Parliament. To do this would, of course, occasion very much delay, and it becomes necessary to state here that the present writer does not propose anything in the nature of parliamentary representation. Neither would this appear to be necessary, because the commercial advantages which the proposed arrangement would bestow on every community of the Empire would sufficiently compensate them for the taxation to which they would have to submit. Of course it is open to doubt as to whether this view would be adopted in all parts of the Empire. Each would have to decide for itself, and each would have the choice of submitting to the taxation proposed, or remaining outside of the Imperial customs union.

What would be the position of any colony which might refuse to comply with England's requirements? It would not cease to be part of the Empire, and would no doubt continue to enjoy gratuitously the same measure of protection which England so generously affords it at present. But its products would be subject to the extra Imperial duty when sent to England or to any other of its possessions which had joined the Imperial customs union, and it would thus be forced to make some contribution to Imperial defence without getting any credit for so doing. In course of time the obstreperous colony would find its circumstances quite intolerable, and it would ultimately be glad to improve them by accepting the proposal of England and making its contribution like the rest of the Empire.

It does not seem likely that the proposals above stated would be difficult to incorporate in a bill to be prepared by an experienced parliamentary draughtsman. For its short title such a bill might be called "The Imperial Naval Defence and Customs Union Act," and its preamble should recite the necessity for making better provision for naval defence, by obtaining a general revenue for the purpose throughout the Empire, and simultaneously establishing an Imperial customs union. It should contain clauses for the following purposes:

1. The creation of a special fund or account distinct from the Exchequer of the

United Kingdom, and to be called the naval defence fund.

2. Placing the management of this fund under the Lords of the Admiralty, and empowering the latter to consult the Agents-General of the various colonies, and the governments of the Crown dependencies regarding expenditures in the various British possessions.

3. The payment out of this fund of the cost of the British fleet and all colonial ships of war; also of the outlay necessary for all Imperial fortresses, coaling and cable stations, as well as cable and steamship subsidies promised by the Imperial Government.

4. The levying of an Imperial revenue duty of  $6\frac{1}{2}$  per cent. ad valorem on all importations into the United Kingdom, whether from foreign countries or British possessions, of goods which are free of duty, and an extra duty of  $6\frac{1}{2}$  per cent. ad valorem of goods which are dutiable; the proceeds of these duties to be paid into the naval defence fund.

5. The remission of this extra duty on the goods imported from any British possession whenever it is found that the colony or dependency in question has imposed an extra duty of  $6\frac{1}{2}$  per cent. on all their foreign importations, and arranged to pay the proceeds of this duty into the naval defence fund.

Perhaps it would be unnecessary to draft a special bill, and possibly its object could be accomplished in connection with the Customs Act of the United Kingdom. In this case it might be more convenient for Her Majesty's Government to take power (1), to impose an ad valorem duty of from two to ten per cent. on all importations (with the exception, perhaps, of raw cotton), whether now dutiable or not, including those from the colonies and other British possessions; and to take power (2) to remit this duty on importations from Her Majesty's possessions in the outer Empire, the governments of which undertake to impose a like duty on all their importations from foreign countries, to contribute the proceeds of this duty to an Imperial defence fund, and to make such modifications in their several local tariffs as might be deemed reasonable by Her Majesty's Government.

To illustrate these proposed provisions in the case of a colony, the effect would be that, at first, its commercial status would continue to be the same as at present, i.e.,

the same as any foreign country, and next, that it would be impelled to make application to be released from the payment of the Imperial ad valorem duty on the goods it sends to the markets of the United Kingdom. The Imperial Government would then in negotiation with one or all of the colonies, have power (1) to permit them to retain their present local tariffs; or (2), to insist upon such changes in these as would admit English goods at lower rates of duty than those charged upon the same description of foreign imports (in accordance with Mr. McNeill's resolution of 1892), or (3), to insist upon the elimination of the protective principle from the colonial tariffs (as suggested in Mr. Chamberlain's speech of March 25, 1896), or (4), to decline to make any arrangements at all with single colonies, such as exist in South Africa or Australia, until they had been consolidated into a dominion. It would seem that in this way the Imperial Government would occupy her rightful position, and a much stronger

one than as the predominant member of a British commercial conference.

In conclusion, the present writer may be excused for reiterating the opinion that there is no other way in which a revenue for Imperial defence can be so readily obtained as the one outlined in this essay. Nor is there any better plan for securing the permanent and willing adhesion of the colonies to the Empire. All that is necessary is prompt action on the part of England; she has the game in her own hands, but, to win it, she must lead trumps like a good whist player. The practicability of the plan is undoubted. It may be carried out at any moment by England, so great is the power she wields by reason of her enormous trade. Everything depends on her willingness to use this power for the purpose of securing Imperial unity, providing an Imperial defence fund, incidentally encouraging her home and colonial trade and establishing an Imperial customs union.